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THE WORKER IS A CONSUMER. SUMMARY REPORT OF THE ANNUAL AFL-CIO NATIONAL CONFERENCE ON COMMUNITY SERVICES (10TH, WASHINGTON, MAY 16-20, 1965).

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THE TENTH ANNUAL AFL-CIO NATIONAL CONFERENCE ON COMMUNITY SERVICES WAS CONCERNED WITH WAYS THE LABOR UNIONS CAN DEVELOP CONSUMER EDUCATION AROUND THE NEEDS OF WORKERS. SPEAKERS POINTED OUT THE NEED FOR ENFORCEMENT OF CONSUMER PROTECTION LAWS, OUTLINED AREAS IN WHICH SCHOOL CONSUMER COURSES WERE NEEDED, DISCUSSED CONSUMER RIGHTS, AND SUGGESTED SOCIAL ACTION AT STATE AND COMMUNITY LEVELS. IT WAS CONSIDERED MOST IMPORTANT TO REACH THE POOR, THE ELDERLY, AND THE FAMILIES OF WORKERS. LEADERS WERE WARNED TO SCREEN RESOURCE PERSONNEL AND MATERIALS. A THREE-PART EDUCATION PROGRAM WAS PROPOSED-- (1) A CONSUMER INFORMATION COURSE IN A SERIES OF SIX OR EIGHT EVENING SESSIONS, (2) A ONE-DAY CONSUMER INSTITUTE TO HIGHLIGHT ISSUES, LAWS, AND MALPRACTICES, AND (3) DEBT COUNSELING AND CONSUMER CLINICS TO PROVIDE UNION MEMBERS WITH OPPORTUNITY TO DISCUSS SPECIFIC CONSUMER PROBLEMS WITH ADVISERS. (RT)

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The Worker is a Consumer

A Summary Report of The Tenth Annual AFL-CIO National Conference On Community Services

May 16-20, 1965 Washington, D.C.

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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INTRODUCTION

The trade union movement has never lost sight of the union member as a consumer.

Throughout its long years of service to the American worker, organized labor has insisted on a fair share of the national income to enable all workers to maintain a standard of living commensurate with an expanding economy.

At the same time, through aggressive legislative programs, labor has pressed for needed laws to protect consumers against such abuses as fraudulent goods, exorbitant interest rates, deceptive packaging and misleading advertising. At the present time, the AFL-CIO is actively working for the passage of national "truth-in-lending" and "truth-in-packaging" laws, as well as a strengthened Food, Drug and Cosmetics Act, and the creation of a Department of Consumers within the Federal government.

To maximize the gains of higher wages and governmental consumer services, however, there is need for a program of consumer education. This objective, assisting union families to become better informed consumers, is a vital function of the AFL-CIO community services program. It is encouraging to know that such activities as consumer information courses and conferences, as well as the spread of debt-counselling and money-management services, are reaching ever increasing numbers of our membership.

George Meany, *President*
AFL-CIO

PREFACE

Unfortunately, the flim-flam artist, the medicine man, and the old "shell game" are all too much with us. Of course, they operate today under a different set of names. They are better known as exaggerated advertising claims, misleading contracts, high pressure sales tactics, and deceptive interest and carrying charges.

By whatever name, such practices usually result in harsh garnishment procedures, repossessions, harassment and bankruptcy. And union members who serve on local Community Services Committees know all too well the tragic relationship between poor money management and family discord and emotional distress.

If organized labor knows one simple lesson, it is the value of organization. It is precisely because consumers are not organized or represented that they are frequently victims of unscrupulous practices. More than ever our local central labor bodies need to take more active roles in working for consumer protection measures as well as educational programs to acquaint union families with sound buying habits and effective money management.

Joseph A. Beirne, *Chairman*
AFL-CIO Community
Services Committee

WHY A CONFERENCE ON CONSUMER PROBLEMS?

We have been producer-oriented since the very inception of our labor movement. We think of ourselves as auto workers, garment workers, building and construction workers and retail clerks. We are all of these, of course, but we are also auto buyers, garment buyers, home buyers and buyers of all kinds of goods and services. In short, we are both producers and consumers and we must act and protect ourselves accordingly.

These words from the keynote address by Leo Perlis, director of the AFL-CIO Department of Community Services, set the theme of the 10th Annual AFL-CIO National Conference on Community Services held in Washington, D.C., in May of 1965.

Underscoring that consumer information is necessary to the wise expenditure of income, not a replacement for adequate wages, the conference's opening speaker indicated: "Basement bargains, of course, are no substitute for higher wages and consumer counselling is no substitute for collective bargaining, but neither do higher wages and collective bargaining guarantee the consumption, at reasonable competitive prices, of high quality goods and services. You simply do not get your dollar's worth unless: (1) There is a dollar's worth; (2) You know what it is; (3) You know where to find it."

How can this information best be provided the union member?

A two-pronged program of education and law enforcement were seen by the speaker as a basic means of assuring union families of getting "their dollar's worth."

Labor's educational efforts center around the consumer information program. Designed some eight years ago to acquaint union members with better buying practices, consumer counselling courses have been held in more than 50 communities. In addition to consumer information courses the AFL-CIO community services program has given wide distribution to specially prepared materials as well as sponsoring scores of conferences on all phases of money management.

The role of local, state and federal legislation is "to protect consumers against high prices and price-fixing, against misleading advertising, deceptive merchandising, and against dangerous products." In doing this the opening speaker declared, "The AFL-CIO is working for the general welfare ot all Americans." He urged

specific legislation in such key areas as "quality stabilization," price fixing, truth in packaging, truth in lending and drug prices and drug patient monopolies.

Commenting on advertising—today's U.S. advertising expenditures now come to approximately $75 per year per person—Mr. Perlis stressed the need for "truth in advertising, truth in packaging, truth in lending, truth in weights and measures, and honest businessman giving full value for a full dollar."

Two groups of citizens were singled out for special comment: The poor and the elderly. Said Mr. Perlis:

"Still the poor pay more. According to David Caplovitz, in his book of the same title, made the point that many low income families had television sets and many had washing machines but, as Miss Mollie Orshausky of HEW, put it in a speech at New York University last year, they had expensive washing machines and expensive television sets—'expensive' simply because these poor familis simply paid more for the same equipment than families with much higher incomes. Some families had television sets which cost $900 and in one group the median cost of a washing machine was $230. These people are unfamiliar, perhaps even more than we are, with stores that have other price ranges; they do not know—as many of us don't—what a reasonable price is; and they are unable to get credit terms like higher income families.

"In short, these poor families have been took.

"New York State Attorney General Louis J. Lefkowitz announced recently that frauds against consumers had reached a new peak in 1964. Complaints exceeded 100,000 an increase of 20,000 over 1963.

"Louis Harris, several months ago, conducted still another poll and found that Americans regard health and finances their top concern.

"When these two concerns—ill health and lack of finances—combine to harass one person, and particularly an elderly person (and there are many of these), then we must resolve not only to cluck our tongues at the indifference, quackery and fraudulent practices in both high and low places, but to do a more effective job of educating the consumer and press for more effective law enforcement against the builders of Spanish castles in the air for retirees, against the promoters of health quackery, against all those wheelers and dealers who prey upon all of us, and particularly upon those who can least afford to be taken for a ride—the poor."

EDUCATING THE CONSUMER

Just how important is consumer education?

For an informed answer to that question conference delegates turned to a national authority, Mrs. Esther Peterson, special assistant to the President of the United States for consumer affairs.

"Consumer education is an important subject, and becoming more important every day. More than two-thirds of all spending in the economy is by consumers. Thus, the individual decisions we make in the marketplace determine to a great extent the character and style of American life."

Where should we begin consumer education?

"I suggest that the teaching of basic economics begin in high school—or even junior high school and that it be taught from the consumer point of view."

Some extremely convincing statistics strengthened the speaker's emphasis on the need to inform young Americans on the wise expenditure of income.

. . . By 1970 almost half the population of the United States will be under 25 years of age.

. . . Teenagers have increased in number by 30 percent between 1960 and 1965 while the total population has increased by only 8 percent.

Referring to this rapidly growing population group, Mrs. Peterson reminded conference delegates: "These youngsters, now in school, are tomorrow's consumers. Will they be able to cope with the modern marketplace? Are they receiving the training now, either in their homes or schools, to equip them to make wise decisions as housewives, heads of households and citizens?"

What subjects should be taught in school consumer courses?

Mrs. Peterson outlined several major areas:

1. Consumer Rights. The right to know—to be protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts he needs to make an informed choice.

The right to choose—to be assured, wherever possible, access to a variety of products and services at competitive prices, or in those industries where competition is not workable and Government regulation is substituted, to be assured satisfactory quality and service at fair prices.

The right to safety—to be protected against the marketing of goods which are hazardous to health and life.

The right to be heard—to be assured that consumer interests will receive full and sympathetic consideration in the formulation of Government policy, and fair speedy treatment of its administrative tribunals.

2. The meaning of consumption. In our affluent society, the speaker pointed out, young people must be taught the difference between a *consumption-directed* economy and a *consumer-directed economy*. Making a sharp distribution between the two concepts, Mrs. Peterson said: "Consumption means much more than merely acquiring those things which we need to stay alive. It means, also acquiring those things which will enrich life, not only for the individual, but for the Nation as a whole.

"In a consumption-directed economy, anything would be permissible. Deceptive and false advertising would be perfectly okay as long as it made people buy. Planned obsolescence as a means of increasing consumption would be the rule rather than the exception. Disregard of such public problems as poverty, the shrinkage of our national resources, air and water pollution, and the problems faced by the elderly, among many others, would be tolerated as long as the employment and gross national product statistics appeared favorable.

"Needless to say, such a system contains the seeds of its own destruction, not only economic, but moral as well."

What is the one major difference between consumption and a consumer oriented society?

"In a consumer-directed economy, the individual is treated as something other than a 'buying machine'—a robot created to consume the good, bad, and indifferent outpourings of a production system. Rather, he is treated as a *person* whose natural inclination is toward human excellence—self-improvement and esthetic improvement of his environment. The consumer must be encouraged, rather than dulled, he must know what he deserves and the possibilities of the pursuit of high standards.

"I am convinced that our youngsters should be taught the meaning of their basic role as consumers. If this training is with-held, they stand the chance of becoming the victims of a philosophy, based more on profits than pleasure, which can only lead to frustration and dissolutionment. This is the sort of training children should receive at home, but it should also be part of a broad consumer economics course. In fact, it is my conviction that unless

our youngsters receive this kind of training in school, we are going to have a very hard time maintaining a consumer-directed economy in the United States."

In specific terms, the speaker advocated the following concrete subjects as imperative to consumer education:

—The role of advertising . . . its virtues and its vices.

—The importance of financial planning; the rising problem of garnishments and personal bankruptcies; the rising personal debt in the United States.

—Problems involved in comparative shopping in an age of odd-size containers and packages; synthetic fibers and new materials; and a proliferation of new and old products.

—The nutritional value of food; the relative value of so-called convenience foods.

—Resources available to the consumer from Government, both local and National; from business; and from private, non-profit organizations.

To teach these subjects Mrs. Peterson advocated the use of down-to-earth, familiar situations. For instance, following are some of the concrete, true-to-life examples that could be used:

—The cost of credit can be made clear to boys if they are assigned a project dealing with the financing of a new or used car.

—Both girls and boys should be taught the cost of furnishing a home, especially through the use of credit.

—Health problems and new drugs can be discussed. Discussion should also center on the cost of medical insurance.

—All aspects of family financing should be taught.

—Students should discuss some aspects of the distribution system in the United States.

—The problems of acquiring good services should be emphasized, especially repair services and the like.

In concluding her remarks the presidential adviser reiterated a point made in the conference's keynote address: The special consumer problems facing the poor.

"I have saved till last a subject which I believe is of particular interest to the community services program. I refer to consumer education for the poor.

"Consumer education for low-income families can take several different forms—teaching, counselling, and cooperative action, among others. It is our belief that it should be related to adult

education, health and welfare programs, and other currently operating services—in other words, included as part of comprehensive programs designed to fight poverty. By itself, it cannot cure poverty, it can only ease the pain. As an integral part of on-going programs, it can help present earnings stretch farther, and help prevent increased earnings from being eaten away by improvident buying fraud and deception."

SOCIAL ACTION
At The State And Community Level

A conference seminar was devoted to the subject of social action—social action at the state and community levels. The afternoon session featured two formal presentations by Dr. Persia Campbell of The University of North Carolina, and Miss Helen T. O'Donnell, Chairman of the Community Services Committee of the Massachusetts State Labor Council.

Highlights of the papers presented by Dr. Campbell and Miss O'Donnell follow:

Dr. Campbell:

The degree of protection that consumers get from existing laws, even if it is reasonably good law, and even if it is reasonably well administered, depends to a significant extent on whether citizens know what their rights and responsibilities are under it, and where to seek help or to register complaints.

Knowing the law is a practical first step in community action for more effective consumer protection. There is no need to wait for another group to make a consumer survey. It has been done in a few states by civic groups; why not the AFL-CIO? I believe that a major political problem in a country of this size is not so much big government as remote government; people in the neighborhoods do not feel that they are participating actively in the political process or as beneficiaries of it. If we could get local civic centers where public officials, federal, state and local could meet the neighbors face-to-face, particularly with respect to consumer problems which are so immediate for every family, we would be moving toward a more democratic society.

In examining the proper role of the state and local governments in consumer protection, we should keep in mind that state action, particularly in two or more states, can become an important lever for national action, when appropriate. Consumers are not well

organized for national action and it may be easier to clarify and mobilize support for a particular issue at the state level.

What about the tools, processes, and organizations of effective social action at the state and community levels? Emphasis must first be placed on usable information, usable that is by the individual consumer, as well as by the consumer group.

Information should be of a kind that will help consumers choose among wants as well as among particular goods and services, and also help them know their legal rights and where to go for advice and help. There is a considerable body of information available in government agencies, at different levels of government, and in various university and research centers that would be helpful if it could be processed in an understandable and attention-getting form, and distributed by various media to those who can and will use it. Since the AFL-CIO has wide experience in various methods of communication, it is to be expected that labor contribution in this area could provide a significant break-through for the consumer public.

It is also desirable to develop new structural forms to assist the consumer to be heard. Since the consumer dollar can be eroded away in little bits and pieces, it is very important to have an office in the central governmental structure of state and local authorities with the exclusive responsibility of protecting, promoting, and representing this interest.

Miss O'Donnell:

What is the function of a labor organization and union members in the Consumer Movement?

First, labor has a vital role in ensuring its members receive fair treatment in the marketplace. This means complete information about products and services.

Second, labor must see that not only its members benefit from such information, but that this material also reaches low income groups and the uneducated.

How do we accomplish these goals?

Our union counselling programs should include information on consumer problems and issues, especially to make our members aware of their rights and those government agencies available to assist them.

To reach low income groups, we should encourage union members to join local consumer groups; where no such groups exist, labor should cooperate with other groups—such as teachers, cooperatives, credit unions—in organizing them.

Since 1959 the Massachusetts AFL-CIO has cooperated with the Attorney General and with the Governor in supporting and encouraging a state-wide consumer program. Toward this end, several of our members serve on various consumer councils. These councils combat false and misleading advertising; they fight against unfair price increases where merchant groups have attempted to misuse state powers to promote price raises with government sanction. We have also fought for reasonable utility and insurance rates.

The labor movement in Massachusetts has worked with other groups to create a Massachusetts Consumer Association to serve as an independent voice for consumers in the areas of information, education, and legislation. In addition, we have sponsored numerous conferences to spotlight current problems.

At present we are actively working to develop a program to reach the poor and uneducated by developing a program in conjunction with the anti-poverty program.

"BE WISE—BUY UNION"

Long before a popular consumer movement got underway—before most consumer legislation and educational campaigns became realities—the labor movement had initiated its own efforts to protect both consumer and worker through the use of the union label.

The objectives and relationship of the AFL-CIO Union Label Department to the consumer program was outlined by that Department's Secretary-Treasurer, Mr. Joseph Lewis.

Early in his remarks, Mr. Lewis pointed out that before a dollar can be spent (wisely or foolishly) it must be earned—hopefully earned the union way: Under safe working conditions, with job security, adequate wages, and necessary fringe benefits.

During its long history, "organized labor has realized that the dissipation of union-earned wages for products and services which are non-union is both foolish and a very dangerous form of economic suicide. Every union earned dollar spent the non-union way is another weapon placed in the hands of those who would tear down and destroy the high standard of living that union security has brought to America's work force. Every mis-spent union-earned dollar is a threat to the very livelihood and income of the organized worker."

In more specific terms Mr. Lewis appealed for greater cooperation in two areas:

First, through greater selective buying that patronizes the Union Label, Shop Card, Store Card, and Service Button—all symbols of union wages and working conditions. With union families earning and spending upwards of 70 billion dollars a year, "the buy union" habit can be a decisive factor in promoting both employment and well-made, quality goods and services.

Speaking of the union label and the consumer, Mr. Lewis also pointed out the potential of the teen-age market and the importance of reaching the younger citizens on the meaning and value of union-made products.

A second point raised by the speaker was a plea to assist the Union Label Department in encouraging the formation of local community Union Label and Service Trades Councils. While there are more than 250 active chartered Councils, more are needed.

CONSUMER FRAUDS AND LAW ENFORCEMENTS

A distinguished and welcomed guest to the conference was New York State's Attorney General, Louis J. Lefkowitz. Following are the highlights of his address:

" 'Truth in lending' or 'truth in packaging' or just plain 'truth in the marketplace' is shockingly absent in the dealings of a broad fringe element of business with the consumer.

"When, in a single year, 1964, more than 100,000 individuals feel sufficiently aroused as they did in New York State to make complaints about their dealings with merchants who had sold them goods and services, it is a sad commentary on the plight of the consumer.

"This shocking statistic reflects on the absence of 'truth' and fair-play by some who have made the consumer their major target.

"Modern-day advances in the development of home improvements and appliances, the increasing number of gadgets and gimmicks that attract the consumer's dollar and the general promotion of new products for the householder have opened new fields for the white collar bandit.

"The consumer is turning desperately to government for protection and relief from the scores of business cheats that continue to victimize him.

"Protection from some business frauds cannot be afforded except by government intervention. The complexities of modern life make it impossible for the average purchaser of goods or services

to research the quality, design and cost of things he buys and to make an adequate determination of whether or not he is getting his money's worth.

"Some might say that it is not outer space that perplexes him, but the sales barrage on this planet that has him spinning.

"We are living in a gadget age that has seen the development of many new devices to make more comfortable and pleasant and increased leisure time available to many Americans. But unfortunately, the cost of upkeep and maintenance together with the complexity of the products themselves has added to the financial burden of the average householder.

"For his own protection the consumer must look to the government for help but he must not seek to throw off the responsibility for self-discipline and alertness to the possibility of fraud.

"Just as the legitimate businessman, who makes up the large majority of those who serve the public, must be constantly wary to protect his own well-being, so, too, must the consumer assume a part of the responsibility in helping to drive the cheat out of the marketplace.

"Substantial progress has been made in the crusade for business decency. And I take my hat off to trade associations, labor organizations, the Better Business Bureaus and other consumer groups which have been working unstintingly to create a wholesome business climate. But industry must realize that to avoid new government regulations it must effectively police itself.

"The key to ultimate success lies in a coordinated effort between the businessman and the consumer working together and in cooperation with government agencies to close the doors to those who seek an open season on the consumer's dollar."

The Elderly Consumer—Frauds and Misrepresentation

A recurring theme throughout the four-day conference was the vulnerability of the older citizen to consumer fraud. A penetrating analysis of the problem was made by Harrison A. Williams, Jr., United States Senator from New Jersey. A member of the Senate Subcommittee on Frauds and Misrepresentations, the highlights of his remarks follow:

"Our older citizens now have buying power of about 37 billion dollars a year.

"You know what it took to raise the income to that level.

"It took a long hard struggle for Social Security.

"It took years of negotiation between labor and management for pension rights.

"And, for many, it took years of self-denial to save money for the time in life when pay envelopes or pay checks would no longer come in.

"Even though most individual incomes of the elderly are far below what they should be, the grand total—37 billion dollars—is an attractive target for promoters and pitchmen. They're out to get their piece of this market. And what a market it is.

"To the unscrupulous, there is a gold mine of chronic illnesses that afflict up to three-quarters of persons past 65 . . . To the unscrupulous, there is a bonanza in the housing problems of the elderly . . . To the unscrupulous, the elderly are ideal victims because they usually worked about making too few dollars serve too many needs.

"We count on honest salesmen to help us. We know that they regard us as customers to be served, not as strangers to be bilked.

"But when the exploiters take over, watch out. They're stealing on a grand scale—hundreds of millions of dollars a year, and they're taking those dollars from the thin pocketbooks of the elderly poor and from the pinched incomes of those who thought they had planned well for comfortable retirement years.

"The Report of the Subcommittee on Frauds and the Elderly tells of four subjects that we investigated last year. I will describe them to you, and perhaps you can tell me which racket is the worst. I frankly am sickened by each one of them."

Health Frauds and Quackery.

"Most swindles take only dollars. Quackery sometimes takes lives or kills any chance of real cure. And this is just what is happening today.

"The chief postal inspector of the United States told us that fraudulent schemes are definitely on the increase. He gave us this summary of the causes:

" 'Although postal inspectors still occasionally encounter medical quackery items involving electric belts, buzzers, bell ringing, and even black magic potions guaranteed to cure all manner of disease, today's frauds are generally more sophisticated. Promoters do not so often promise outright cures for serious diseases but offers preparations to "aid" in curing various conditions which the American consumer finds undesirable such as baldness, obesity, and so forth.

" 'Treatments are offered by mail for every conceivable condition, including cancer, diabetes, prostate trouble, asthma, arthritis, heart diseases, and impotency, to name but a few. Such schemes continue to be a source of great concern since the victims are frequently induced to attempt self-diagnosis and treatment, meanwhile deferring proper attention.' "

Interstate Mail Order Land Sales.

"Our second major inquiry in 1964 gave us a comprehensive look at the interstatemail order land sales industry.

"In the old days, for example, newspaper advertisements offered water and paved streets in desert lands so remote that no one could even find the sites in question. Artist's drawings showed trees, rolling country and clubhouses where there were none, and one promoter actually was selling land on top of a 1500 foot high mesa.

"And yet many persons bought up such land because they thought they were buying retirement sites in a good climate.

"The postal inspectors have convicted a few of the more daring swindlers, buying retirement sites in a good climate.

"The postal inspectors have convicted a few of the more daring swindlers, but we on the Subcommittee are worried about the less blatant sales techniques of the questionable operators.

"Many are now offering 'investment land'. They let the buyer know that it is undeveloped, but they don't let him know just how little chance it actually has for any kind of future development. There are swamps in Florida, for example, that probably can never be homesites because of irrigation problems and state regulations. And yet they were offered for sale, and they were sold out.

"There are many other dangers in buying land through the mail, and a layman can't really understand all of them. Honest companies will give buyers enough information to help them get a true impression of the land, but the fast buck operators will not.

"For all these reasons, the Subcommittee has recommended that mail order land offerings be registered with the Securities and Exchange Commission. And I'm happy to say that the AFL-CIO has endorsed this approach."

Deceptive Methods To Sell Health Insurance.

"Our Subcommittee found at its hearings last year that marginal or completely phony insurance peddlers can thoroughly mislead prospective purchasers even under normal conditions.

"But in the wake of Medicare, their opportunities could increase significantly unless the public is well aware of the dangers.

"I would urge the elderly and other Americans to:

"One: Make no hasty decisions about cancelling present health insurance coverage. Under Medicare, general coverage would not begin until July 1966, and nursing home care would begin six months after that. No policy holder should leave himself unprotected.

"Two: Find out whether present coverage gives protection that Medicare does not. Medicare after all, has its limitations, it requires older persons to pay the first $40 of their hospital bill, the first $50 out-of hospital-expenses, and 20 per cent of the balance. The program does not cover duty nursing, out-of-hospital drugs, or the cost of hospital care beyond the 60th day.

"Three: Older Americans should get expert held in making their decisions. Your unions can be of help, and so can state and social agencies, as well as senior citizen organizations.

"I was happy to read recently that the Health Insurance Council announced that it is working with health care professionals to erase any abuses which may exist so that the public may be better served."

Pre-need Burial.

"We're worried by reports that several high-pressure firms are making intensive sales campaigns in mountain and middle western states without really giving guarantees to future delivery of service.

"In other words, when a man signs a contract agreeing to pay hundreds of dollars for funeral services and a casket, what assurances does he have that the company will live up to its contract many years later? Some companies, we are told, make glib statements about large escrow funds when, in fact, no such funds exist. The buyer is in a much more difficult position when the company from which he bought has its headquarters in a different state."

Recommendations:

Senator Williams concluded his address by describing various recommended actions growing out of the Subcommittee's hearings.

—A major recommendation, already introduced in bill form, would help postal inspectors act more effectively when they have discovered a fraudulent promotion.

—Another major bill would require pre-market testing of therapeutic and diagnostic devices.

—The Subcommittee has requested government assistance on educational programs for consumers.

"Our report offered many other recommendations—too many to discuss here. I can't leave here, however, without briefly mentioning our observations about two government agencies: The Food and Drug Administration and the Federal Trade Commission.

"The FDA, as you know, has its headaches in trying to keep up with the responsibilities that Congress has given it on drug testing and many other consumer protection activities. The Subcommittee wondered whether the FDA and the states could work out a better division of the work load. The FDA after all, can't do everything, and yet we can't expect each state to invest in expensive staffs and equipment.

"The Subcommittee also felt that the Federal Trade Commission is suffering from the pressures of modern advertising. The FTC has spent three, four, and five years to bring cases to conclusion, and this is simply too long. We recommended that a Citizens Advisory Committee take a close look at the FTC bureaus responsible for control of deceptive advertising.

"The FTC has been responsive to our request. Letters are going out to labor and to others interested in the problem; and the FTC will ask for funds this year for a Bureau of Federal-State cooperation. This Bureau would give technical help and information to state agencies in much the same way that the FBI assists local law enforcement agencies.

"Last year's concern about Federal-state relationships on consumer protection was certainly justified, and the Subcommittee will give intensive study to the question in this session of Congress. As you can see, we're going to have a busy two years."

LEGISLATION, THE LAW AND CONSUMER PROTECTION

It would be unrealistic to think that voluntary educational efforts, no matter how thorough or far-reaching, are sufficient for consumer protection. Hopefully, the consumer will have some idea of sound money management—how to budget, how to spend, how to save. This is a personal responsibility. The major screen, however, to protect the consumer against a sea of new products, materials, and services—especially in the area of chemicals, drugs, additives, and synthetics—remains the government. In turn, this

involves the passage of needed legislation, appropriations and the appointment of necessary staff.

Because of the vital role of government, it was understandable that the conference would turn to the AFL-CIO's chief legislative advisor, Andrew J. Biemiller and two distinguished U.S. Senators, both advocates of consumer legislation: Senator Paul H. Douglas of Illinois, and Philip A. Hart, United States Senator from Michigan.

What are the chief consumer legislation targets of the AFL-CIO?

Mr. Andrew J. Biemiller, Director, AFL-CIO Department of Legislation cited the following:

—Effective truth-in-lending and truth-in-packaging.

—Elimination of the bootleg market in "pep pills" and "goof balls" and other drugs that threaten the health and safety of the individual.

—Elimination of loopholes in the present Food, Drug and Cosmetics Act. The Food and Drug Administration must have greater authority to protect buyers of cosmetics and therapeutic devices.

—Greater authority permitting the federal inspection of meat and poultry. At present, 18 percent of all meat and poultry slaughtered in the United States is not federally inspected.

—Establishing federal tire safety standards. Currently there is such a mish-mash of tire standards and tire qualities that it is impossible for even the most careful buyer to make an intelligent decision among competing brands.

—The right of the Federal Trade Commission to issue temporary "cease and desist orders" so that misleading, deceptive, and improper practices will not continue to injure the public while FTC cases drag through lengthy court litigation.

—Greater protection against price-gouging and profiteering on prescription drugs by the drug industry.

—Full budgetary support for the full financing of all consumer protection activities and agencies in the federal government. Machinery for consumer representation in the federal government is still inadequate.

—Statutory provision for a full-time consumer counsel supported by adequate staff and appropriations and responsible to the President. This should be a step on the way

to establishing a full-scale Department of Consumers, commanding equal standing with other departments of the government.

In addition to outlining AFL-CIO legislative goals, Mr. Biemiller singled out two pieces of proposed legislation actively opposed by labor. Commenting on these he said:

"Now I want to talk to you briefly about two serious threats to the consumer public on which we are seeking negative action, bills we want killed, pigeon-holed, bottled up in committee, or defeated on the floor.

"One of these, the Holland-Smathers bill, threatens every consumer of electric power with higher electric power costs. This bill would injure consumers by drastically weakening the authority of the Federal Power Commission to regulate wholesale electric power rates and to regulate the electric power industry.

"The Federal Power Commission, which strongly opposes this legislation has declared that 'enactment would mean the end of responsible regulation of this nation's electric utility systems which Congress established in the Public Utility Holding Company Act of 1935.'

"The AFL-CIO agrees with this view. We believe enactment of the Holland-Smathers bill would seriously injure the consumer public and we are opposing this legislation to the utmost.

"The second serious threat to the consumer public which must be defeated is the old anti-consumer, price-fixing 'quality stabilization' legislation which masquerades under a sloganized label that sounds almost as praise-worthy as 'fair trade.'

"But you know and I know that whatever high-sounding label is put on these bills, they are the same old 'resale price maintenance' bills to legalize price-fixing by the big companies that manufacture brand-name products.

"In conclusion, it is fair to say that the progress of consumer protection legislation through Congress is discouragingly slow. There is far too long a lag between our public awareness of threats and injuries to consumer welfare and the response of the Congress to stop these threats and injuries.

"There is no simple solution to this problem, no simple way to eliminate this lag. But I want to stress the importance of your participation in the legislative process. You can help speed progress on consumer protection bills by writing and talking to your Congressmen and to your Senators. Unless they hear from you,

from organized groups of consumers and other public-minded groups of citizens, members of Congress will not be aware of grass-roots support for consumer welfare legislation."

TRUTH—In Lending—In Packaging

The struggle for greater consumer protection is an old story to both Senator Paul Douglas of Illinois and Senator Philip A. Hart of Michigan. Both have introduced basic consumer legislation. One, Senator Douglas, sponsored a Truth In Lending Bill as early as six years ago; while Senator Hart first introduced Truth In Packaging legislation in 1963.

Following are brief highlights of both pieces of legislation.

Senator Paul Douglas, Illinois:

It is estimated that "Truth In Lending" legislation would result in a ten to fifteen percent increase in the average paycheck. With so obvious a benefit, the question is raised why such strenuous opposition to its passage? Strong resistance in the form of misrepresentation, distortion, and half-truths has come from those sources that have the most to gain by extending loans at exorbitant rates. This opposition despite the fact that credit unions, mutual savings banks, and labor unions support the proposed legislation.

What is the purpose of "Truth In Lending" legislation?

Simply stated, the Truth In Lending Bill, according to Senator Douglas, "provides for those who sell and those who loan money to tell the truth regarding the transaction in the total amount of dollars and the true annual rate on the outstanding unpaid obligations."

There are many who agree with Senator Douglas that few if any would dare to charge 36 percent interest if they had to publish the rate in yearly terms.

Senator Philip A. Hart, Michigan:

What would Truth In Packaging legislation seek to regulate?

Major provisions of the bill would require the net weight of the package or container to be printed on the front panel in a prominent place. Another requirement would prohibit deceptive package illustrations and at the same time prohibit the manufacturer from putting a label claiming "cents off," although the retailer would be permitted to attach such a label. Other major provisions would authorize agencies to establish, after hearings,

acceptable "serving standards." For instance, what does it mean to say that a package "serves four people?" The aim here would be to arrive at some objective standards such as a serving equals so many ounces.

Senator Hart, while hesitant to cite exact figures, did quote a reputable and well-known economist that a Truth In Packaging Bill could save the average family of careful shoppers some $200 a year—the equivalent to about a ten cent pay raise.

The Second Step: Enforcing Consumer Protection Laws

Passing laws, while often difficult and frustrating, nonetheless remains only the first step in protecting the buyer. The law without proper administration, or the responsible enforcing agency without adequate funds, or citizens without either a knowledge of the law or their rights can defeat the purpose of the most needed legislation.

An afternoon seminar session devoted to "Enforcing Consumer Protection Laws" featured several highly qualified speakers: Miss Anne Draper, research associate, AFL-CIO Department of Research, and Mr. Junius L. Allison, executive director National Legal Aid and Defender Association.

Following are significant quotes from their respective remarks.

Miss Draper:

It has often been pointed out that there are countless laws on the books to protect consumers. Each state has hundreds of laws, cities have ordinances and the federal government itself is heavily involved in consumer protection statutes. They cover the general range of laws that protect a buyer's health and safety—meat inspection, for example, and food, drug and cosmetics acts. They include laws that seek to provide the consumer with accurate facts about what he is buying, or at least to prevent deception and misrepresentation of products. And they include laws which seek to protect the consumer from extortionate prices—such as state laws setting maximum interest rates and finance charges on installment lending.

This is a large variety of statutes and many of them are quite technical in character. The consumer for whose protection these laws are designed, is often not much help to enforcement. He may not know a law exists that covers his problem; he may not know

where to complain, he may not be in a position to follow through with court proceedings, especially on relatively minor economic complaints; or in the case of deception, he may not wish to admit he was taken in.

This puts a large burden on public agencies which enforce these laws—and not all of the laws provide for specific enforcement agencies. Even where a public agency exists it has its problems, especially if the public does not *know* it exists. Without alert public support the agencies are likely to be ineffective for lack of adequate appropriations and staff. Even worse, they sometimes may find it necessary to their continuing existence to go easy on law violators. Yet with the many laws involved and many different agencies involved in carrying them out, it is often difficult to focus public attention and support in such a way as to see that the enforcement agencies are adequately equipped.

This is why the movement for consumer organization is so important. One of their most valuable functions is to mobilize attention and support for consumer interest agencies, including law enforcement. Curiously enough, one answer to better law enforcement of the many consumer laws is more law.

I think we can all agree, consumer statutes are not self-enforcing. They require: A well-drawn law; clear enforcement authority; and an enforcement agency, with sufficient staff and appropriations to do its work. In turn these rest on broad public support. Broad public support is not always easy to focus on a myriad of consumer interest issues. This support must be mobilized through promoting organized consumer action and a place for the consumer in the structure of government agencies.

Mr. Allison:

It is clear that much of the suffering and deprivation could be prevented and much gouging and victimizing could be eliminated by proper counselling and timely advice concerning time payment contracts, insurance policies, welfare benefits, housing leases and other matters of legal dimension where the lawyer could be helpful before the crisis arises.

For these reasons, I stress *preventive* advice as the first and one of the most important steps in any program for enforcing consumer rights.

The next most important aspect of this problem, it seems to me, is the availability of competent legal representation to protect the rights of the consumer. Fewer crises would arise if timely advice had been given and followed. However, in spite of all we can do,

there will still be evictions, garnishments, and repossessions. In many of these there will exist a good defense. Even in others, proper legal assistance can mitigate the loss or provide guidance in working out an arrangement beneficial to the consumer and his family. Some of your members will be eligible for free legal service through local Legal Aid Societies, which exist in almost all large cities. Also, with the extension of legal services for the low income group now being made possible through the Community Action Program of the Office of Economic Opportunity, lawyers are more available than ever before. Many consumers know lawyers and are able to pay. Another resource—one that is both educational and remedial—is the nonprofit debt counselling services which are privately sponsored in several cities. If properly managed such councils can be effective community projects for the aid of financially distressed consumers.

The next logical step—after learning of the ways to avoid legal entanglements and providing defense or enforcement action of existing laws—is that of remedial legislation. This field includes such subjects as exemption provisions under garnishment statutes, protective clauses in wage claim laws and interest rates.

Union groups are in a favorable position to take the initiative in proposing such remedial laws. Of course, your committees will need technical assistance, and you will gain strength by joining forces with other organizations concerned with problems of the consumer.

The recent legislation in Illinois is an example of what can be accomplished if consumers pool their efforts. There, under the leadership of a progressive governor, a state-wide study committee, ably assisted by labor and the Chicago Legal Aid Bureau, recommended a complete revision of the consumer credit laws, and the General Assembly has enacted much of the program.

Very frequently consumer education and conscientious enforcement cannot reach the source of the consumer problems. A change in the city ordinances or state statutes often is the only way to get to the cause. An illustration of this is power to restrict the incomes of landlords in the slums of New York City. And another effective statute there provides that where landlords refuse to make necessary repairs, the buildings may be placed in receivership and operated by the Department of Real Estate until the properties are made in livable condition.

So, to sum up what I have tried to emphasize: The three phases of any effective program for protecting the consumers' rights in-

volve education to help avoid legal difficulties, enforcement of existing remedies, and sound promotional efforts to obtain needed changes in laws.

THE WOMAN AS A CONSUMER

No one questions the important role of women in spending a large part of the disposable income brought into the home in the form of wages and salary.

One statistic proves the case: It is estimated that the 1965 nation's food bill will hit 86 billion dollars. This total averages $439 for each man, woman, and child in the country. The average family spends some 18½ percent of its income on food, most of it by the women members of the family unit.

Mrs. Marcella S. Beatty, executive director, AFL-CIO National Auxiliaries, presented the women's point of view.

"The American woman as a consumer has problems. Her problem as a consumer is simply this: How can she get the same full value for her dollar in the supermarket that her husband gave full value for in his labor?

"And to do this, how can the American woman make the multiplicity of decisions put upon her each week in order to get the most for her marketing dollar? How can she correct the abuses she finds? And how can she force improvement in the standards of quality and packaging?"

Mrs. Beatty saw the problem as basically one of education followed by personal action.

"Through consumer guidance and consumer education there is no reason at all why women everywhere cannot become expert in the techniques and know-how of shopping, buying, and saving. Every woman who takes part in consumer education programs can easily pass along her knowledge to relatives and neighbors. And this education and knowledge does not lead solely to learning the good product from the bad; it also includes doing something about it.

"When a woman becomes a skillful consumer, that's part of the solution. It is also important that the local supermarket manager realize that women in his area will not buy a particular brand because it is misbranded or misleading. The manager will soon let his superiors know, and the word will pass swiftly to the manufacturer.

"With these tools the housewife can soon make it clear that the consumer has regained the right to reject that which she does not

want. She will have demonstrated that it is her intention to turn and fight where deliberate fraud or deception is attempted against her.

"Let me say here that we women want to take up this fight.

"We women in the auxiliaries want to undertake—jointly with local unions—these programs of consumer education. And in so doing, we hope to educate store managers, food processors, and manufactors.

"Through these programs, the AFL-CIO auxiliaries want to make union members and their families as aware of their rights as consumers as they are now of their rights as workers."

HUMAN VALUES AND CONSUMER PROBLEMS

Another aspect of consumer problems—one overlooked and ignored by the unscrupulous—concerns the central issue of human values and ethics.

The Reverend Robert J. McEwen, S.J., Chairman, Department of Economics, Boston College addressed himself to this subject.

As a member of the Massachusetts Consumers' Council, Father McEwen enumerated seven basic areas of consumer abuse.

—Consumer Credit: The promoters of many fradulent and unethical schemes in several different lines of business could not succeed without easy access to credit. Consumer credit complaints center on exorbitant interest rates, deceptive terms and contracts, and lack of accurate information.

—Auto complaints center on misleading advertising and verbal misrepresentation on the part of the salesmen. The condition of used cars is frequently misrepresented and there are many difficulties with the service and guarantees of both old and new cars.

—In Home Improvements: Aluminum windows, siding, roofing, and painting jobs cause the most complaint. Excessive cost, poor quality of workmanship, deceptive financing, and failure to live up to promises are chiefly involved.

—Mail Order Problems: Legitimate mail order firms are in serious danger from the tactics being used by many in the field. Consumers complain that merchandise is grossly misrepresented, that money-back guarantees are meaning-

less, that they suffer interminable delays in delivery of goods ordered, and so forth.

—Magazine and Book Salesmen: High pressure sales tactics on children and old people have been used to obtain subscriptions and sales of books and magazines. Frequently this involves an installment payment plan.

—Insurance: What is the consumer impact of proposed new agreements between Blue Cross and the hospital? Many consumer complaints attack the high cost of auto insurance.

—Food freezer plans are an outstanding abuse. The details of the problem: The freezer is grossly overpriced in these plans, the food prices, quality and variety are misrepresented, financing terms and charges are burdensome and deceptively represented.

In light of these economic injustices and deceptions the speaker highlighted two indispensable values that must prevail if an honest marketplace is to survive.

"Two of the crucial values involved in every consumer problem I have studied center around:

"First, the mutual human trust of one person for another, without which this world would degenerate into a vicious jungle of hateful creatures.

"Second, the elementary rule of justice and law which guarantees to each and every member of society his full and equal participation in the rights and privileges of our society and protects him in his life and property from any unjust deprivation or seizure by another. These two values, as you can easily appreciate, are at the core of a civilized society."

Why this strong concern with "human values"?

Father McEwen answered: "To the extent that the volume of our consumer complaints reveal the erosion of mutual trust between our citizens and to the extent that they reveal the breakdown of the guarantees of law and justice in economic life, these consumer abuses reveal a cancer that is eating away at the moral foundations of our political and economic structure.

"It will do us, as a people, little good to fight for the liberties of the South Vietnamese and the inhabitants of Santo Domingo if meanwhile the moral foundations of our social order are being eroded by greed and economic exploitation of the poor and the working classes."

The speaker stressed certain "musts" that are crucial to consumer protection:

—Information. While the individual consumer should be as informed as possible the limits of understanding a flood of new products, services, and materials is beyond one person's comprehension. Hence, a consumer's blind trust in the seller or cooperative effort by consumers to share information gathered for themselves by a testing company or an association of consumers.

—Rights guaranteed by law. Every citizen's right to the protection of the law is fundamental. Nor must justice be delayed too long, or cost too much.

—Fair treatment of consumer complaints. Too often valid complaints are lost in the echelons of business, thus the consumer finds his complaint bucked back and forth between local offices, branch offices, district offices, regional managers, and so on. Business must work to create a climate of trust and confidence where the buyer knows that any legitimate complaint will be promptly and fairly treated.

—The role of government. The government has an obligation to protect consumer interests, especially in the face of enormous power of corporate business if the free enterprise system is to retain the loyalty of the people.

—Poverty and consumer problems. Too often the poor are caught in the impossible squeeze between insufficient income and exorbitant charges for goods and services. Greater protection through law, information and education can be given the poor against deceptive sales "pitches" . . . higher interest and carrying charges . . . out-of-line costs for repairs and services . . . and ignorance of their rights under the law.

In the absence of paid lobbyists and an unfortunate inability of masses of consumers to register their viewpoints, Father McEwen closed his address by pleading for a continued interest on the part of labor in all issues.

"It becomes clear that if the consumer position is ever to be recorded, it has to be done by that handful of what our enemies call 'professional consumers' who either by virtue of their elected or appointed positions have the necessary tools of knowledge, energy, and time to attempt to speak for the silent, unorganized, long-suffering group that comprises the consuming public."

CONSUMER EDUCATION FOR LABOR

In his usual style of getting to the heart of the matter with a minimum of words, Sidney Margolius, nationally noted columnist on consumer affairs, discussed some of the major factors affecting consumer education.

"It has become increasingly clear that consumer exploitation has become as serious as labor exploitation. We have strong unions today to protect people in their capacities as workers, but neither the organization nor legislation to protect people as consumers, with the exception of credit unions and a few poorly-financed voluntary consumer associations throughout the country.

"Because consumer problems are so pervasive, it becomes necessary to concentrate consumer education on those that are most widespread and troublesome. Here are what I consider to be the eight leading consumer problems requiring education to correct, as gleaned from my own observations, and those of community service, family-agency and other counsellors."

1. The No. 1 problem is heavy installment buying at high finance charges. Not only does this often lead to serious over-indebtedness, and the now-familiar train of garnishees often followed by supervised debt adjustment plans and often after that by bankruptcy.

2. Large medical expenses due to (1) inadequate health insurance compared to today's rising medical and hospital fees, and (2) lack of knowledge of free or low-cost community resources for getting medical care.

3. Heavy housing expenses because of high rentals, high prices of new homes being built, and unexpectedly large operating costs.

4. Larger-than-necessary expenditures for life and health insurance are another common money leak, often because of buying the wrong kind of insurance, scattering it around on different family members and paying for it weekly or monthly.

5. Heavy car expenses, with many families now spending as much as 15-20 percent of their income on cars.

6. Heavy spending for commercial recreation, with some families getting caught in unrealized heavy spending for such commercial activities as bowling, but also because some husbands come to think it is they who really are the ale men, and spend heavily on hunting and fishing equipment and other hobbies, including betting on horses and sports pools.

7. Another problem requiring preventive education is lack of knowledge of community resources, not only of medical care and

community recreation facilities, but of many types of available community resources such as Federal and state veterans benefits, vocational guidance and educational assistance for children and others.

8. Lack of understanding of how to manage money and do long-range planning is noticeable in many families.

The fact is, it is hard for a family from a deprived background, or only a generation away from the non-cash economy of the farm, or who have many unmet emotional and economic needs, to resist the enticements of credit sellers. Easy credit becomes a way of escaping deprivation, at least temporarily, especially when selling methods are deceptive.

Touching on the importance of obtaining qualified speakers for consumer information and consumer counselling classes, Mr. Margolius warned against "self-seekers" from the loan or financing industry. Commenting on debt-counselling services supplied largely by small loan companies, the speaker said:

"If you read reports on the two debt counselling services in Phoenix and Columbus closely, you will observe several worrisome indications. One is that counselling is done by men from the loan companies. There is no evidence or reason to believe that they have the necessary training in insurance, food buying, housing or other areas to do a genuine counselling job. Nor is there any evidence that they do the single most important job of education in consumer credit and money management, which is to teach people how to know the true costs of credit offered by various lenders and sellers, and that small loan companies, sponsoring these so-called debt adjustment services, actually are the highest-cost-lenders, and use other practices which seriously damage working families. It is too much to expect these companies to teach that they are the worst places to borrow, and to go to a credit union or bank instead of them."

In terms of getting qualified, objective resource persons for consumer educational projects, Mr. Margolius made this suggestion:

"The only safe way to secure the personnel and forces needed for consumer education classes and debt-adjustment plans is for the community agencies in a community to get together on such a project. These agencies include the labor unions, family service agencies, credit unions, public welfare departments, universities and schools, churches and other community groups, together with the participation of whatever credit bureaus, responsible business organizations, banks and any other groups willing to participate

but also willing to permit the true facts and true costs of credit and other problems to be taught."

In a similar vein, the speaker urged that this kind of prudent screening be used in terms of written materials used in consumer education:

"In all cases you have to examine the material, even if it is from government or publicly-supported sources, in order to do an effective job of consumer education."

CONSUMER CREDIT– A NEW PHENOMENON

Thus consumer credit is no longer a sales tool, it has become a sales object. Debt is promoted with all the skill and ingenuity that American advertising and sales promotion can muster. And debt is sold on precisely the same ethical standards as those that characterize the promotion of the cold cure, the headache remedy, weight reducer, the cigarettes, the detergent, and the hair ointment. This is indeed a matter for real concern for the American labor movement.

This was one of many provocative statements made by Mr. Colston E. Warne, President, Consumers Union of the United States.

How new is the vast development of consumer credit? Following is Mr. Warne's answer:

"Twenty years ago, the big war was all but over. Back in 1945 people were beginning to satisfy their war-starved appetites for homes and things, and especially for cars, mostly with cash money. Mortgage debt for urban homes then was around $20 billion and short-term debt for goods—debt scheduled for repayment in five years or less—was less than $7 billion. Ten years later, in 1955, mortgage debt had grown to $88 billion, more than four times what it had been. Short-term debt had grown to $39 billion, six-and-a-half times what it had been. In another ten years, by 1965, mortgage debt had become $200 billion, ten times its 1945 level. Short-term debt had multiplied twelve times to a total of $80 billion."

What are some of the other dimensions of the "fly now, pay later era"?

According to the speaker, we have the largest per capita debt for consumption purposes in our history after experiencing twenty

years of what has been called unprecedented prosperity. Further, during these same twenty years of great prosperity, our personal bankruptcies rose to an all time high, more than double their number during the depths of the depression, increasing at a rate twice as fast as the population.

While debt for consumption purposes expanded twelve times over to reach $80 billion, disposable income only tripled between 1945 and 1965. Who then, Mr. Warne asked, loaned out these billions so fast that debt increased three times as fast as did the ability to pay it back? First, the commercial banks; they account for about 40 percent of the total. Sales finance companies come next, with less than half as much as the banks. Then come department stores, credit unions, other loan companies, and other retailers.

How, continued the speaker, do these sources extend credit?

"They say they base their loans on the character of the borrower . . .What actually happens, however, is that lenders holding consumer notes don't look into borrower's eyes; they look at their handwriting. And the signatures giving commercial value to the paper are executed where goods are displayed and sold and where a salesman, on commission often, supplies first the pressure, then the pen. Today's borrower, as a matter of fact, often doesn't consider himself such at all. He is simply a buyer, a buyer on time. So what lenders really mean when they talk about a borrower's character is his credit rating, and that depends on a commercial service called credit checking, which is admittedly staggering into ineffectualness. The burden of trying to keep tabs on the ability to pay of some 25 to 40 million borrowers who are, month by month and day to day, pursued by a veritable army of credit granters has stumped us even in this computer age."

The reason business firms and services ranging from the automobile dealer and department store to the bank and loan company would sooner extend credit and sell on time is because there is more money in it. Some of the profitable differences between cash and credit are high interest rates, carrying charges, repossessions, foreclosures—all lucrative to the lender. Meanwhile, should the borrower and the installment buyer fail in his payments he faces the pressures of collection agencies, garnishments or other judgments and liens.

The rapid rise in refinancing first mortgages or taking out second mortgages is another indication on the "debt-barometer" that many Americans are staggering under an already heavy burden of financial obligations.

Mr. Warne cited a study that revealed that cash realized by consumers through refinancing first mortgages rose from $4 billion in 1960 to $10 billion in 1963. On this basis, the rate of increase during the next three years from 1960 to 1963 might possibly mean an annual withdrawal of home equities of between $14 and $15 billion in the near future. The study went on to say: "Although in some instances home owners may decide to refinance to obtain better mortgage terms, cash is generally the sole objective. Among the reasons for seeking cash the report lists 'consolidation of short term debt.' "

To make his point more concrete, the speaker referred to a *New York Times* article that cited the example of a debtor who, in return for $3000 cash, signed a second mortgage note for $5075.

"Here," Mr. Warne said in conclusion, "is where debt for consumption purposes in our times, in 1965, differs from that of other days. Extensions of consumer credit in the far, far past were understood to be exploitations of dire need. Extensions of consumer credit in the fairly recent past have been understood to be financial devices to promote the sale of goods. Today, however, the promotion of goods has become a device for the creation of interest-bearing debt. The nation's retail merchants at their annual convention in San Francisco ten years ago put it succinctly with the phrase: 'Bait the hook with merchandise.' "

A Recurring Theme: Consumer Problems of the Poor

A paper presented by Miss Irene H. Wolgamot of the Consumer and Food Economic Research Division, U.S. Department of Agriculture, entitled: "Working With Low Income Groups," highlighted again some of the major problems of the poor.

"We know that consumers with the least money often have the least ability to spend wisely. They are prey to 'easy credit,' bait ads, unscrupulous salesman. Their goods are repossessed when they miss payments. Garnishment of salary sometimes results in loss of job."

It would be a misconception, the speaker indicated, to see all members in the lower income groups as alike, with identical problems and needs.

"Low income families are not all alike. They are very large or very small, with one or two young persons or older retired people. They have low educational levels, come from minority groups, are often broken families or families with female heads, receive

public assistance or social security. Problems vary. Elderly people often have serious health problems. Credit problems afflict the young, the large families, and minority groups."

Not only are there striking differences among the poor, but community conditions they live under vary from area to area. Each community is different with its own level of resources. Despite such distinctions, however, Miss Wolgamot stressed the importance of involving the poor in any consumer education programs. She said: "We must reach them where they are—in public housing and neighborhood centers.

"Nonprofessional indigenuous personnel can be trained and can serve as leaders in consumer education programs."

Conference delegates were urged to develop consumer education activities around the specific and expressed needs and problems of those to be reached. Subjects included in programs already in progress in the Washington, D.C. area include: How to use the food stamp plan; buying food and meal planning; home management; budgeting; buying clothing and household equipment, and the use of credit and installment buying.

SUMMARY OF CONFERENCE WORKSHOPS

To reach a greater number of union families on consumer issues, the AFL-CIO community services program initiated a three-part education program. Easily adaptable to most unions and communities, the program consists of the following basic activities:

CONSUMER INFORMATION COURSE:

Usually a series of six or eight evening sessions that bring union members together with spokesmen qualified to discuss various aspects of consumer problems.

The purpose of the consumer information course is to acquaint union members with better buying habits. Through class discussion with experts, class members hopefully will see the relationship between quality, quantity and costs.

CONSUMER INSTITUTE:

A one-day conference featuring speakers who are specialists in some area of consumer problems and needs.

This one-day meeting is designed to highlight issues, laws, malpractices and similar factors that affect all consumers.

DEBT-COUNSELLING and CONSUMER CLINICS:
The basic objective of the clinic is to provide union members with an opportunity to discuss specific consumer problems with a lawyer or to receive advice on debt management from a competent volunteer financial adviser. Clinics are usually held on a weekly basis at union halls or similar central locations.

A conference afternoon session was devoted to each of the above three projects. It was here, in roundtable discussion groups, that delegates had the opportunity to register their reactions to these activities.

CONSUMER INFORMATION COURSE:

In planning a consumer information course, a number of workshop members, while stressing the value of selecting topics and subjects of personal interest to class members, also pointed out that certain subjects are "absolute musts." Not necessarily listed in their order of importance, but to be covered if at all possible, were the following subject-areas listed by delegates:

- Borrowing money; personal credit interest rates, etc.
- Installment buying
- Housing and home maintenance; major appliances and home furnishings
- Food costs and marketing
- Money management and budgeting
- Insurance
- Medical care and drug costs
- Buying and maintaining a car
- Union label
- Frauds, gyps, rackets, and quacks

Obviously, certain classes may have more specialized interest. For example, an all-women group sponsored by a local AFL-CIO auxiliary might include a subject such as "Today's Textiles and Fabrics," as well as a heavier emphasis on food, clothing, and home budgeting.

Workshop delegates also made the following three points in terms of a consumer information course:

(1) Competent speakers. Be wary of self-serving speakers who come with a special axe to grind. For instance, a speaker on insurance should not be identified with a particular company; extreme care must also be used in obtaining speakers from local loan companies. This same caution should be exercised in selecting literature to be distributed to class members.

(2) Developing greater impact. A consumer information course is limited to the number of people it can directly reach. Most classes range between twenty and sixty members. To spread the information beyond those taking the course, workshop delegates thought that class members should be encouraged to make brief, summary reports at local union meetings.

(3) Planning. A practical, interesting consumer information course depends on a number of factors: Informed speakers, careful class recruitment, down-to-earth discussion. To minimize slip-ups on dates and speakers as well as to assure that physical facilities and class materials are adequate, workshop delegates were urged to develop a "planning check-list" covering the following items:

A PLANNING CHECK LIST

- ____When will the course be held? Dates and time of sessions?
- ____Where will classes be held? Are arrangements made?
- ____Has the central labor body approved sponsorship? Is there a co-sponsor?
- ____Will the central body send out a communication listing dates and time of the course? Is a follow-up personal contact with local unions necessary?
- ____What specific subjects will be covered during the course?
- ____Have class speakers been selected and notified? Do they know the specific material they are to cover? Have they been given definite time limit?
- ____Is a registration form prepared to show class member's name, home address, local union and place of employment as well as his attendance record?
- ____Will any materials be distributed to the class?
- ____Is a class schedule showing dates, subjects, and speakers for all sessions prepared for distribution at the first meeting?

_____Has a news release for the daily and labor press been prepared?

_____What arrangements, if any, have been made for the graduation dinner? Are certificates to be presented to those completing the course?

CONSUMER INSTITUTES OR CONFERENCES

The major focus of the consumer information course is the individual union member or family as consumers. The six or eight session course aims to make the class member a better, more informed buyer.

The consumer institute, on the other hand, is designed to focus on broader issues, especially laws, practices, problems, and needs that are often community-wide in scope. Typical institute or conference themes might include: "Consumer Problems of the Elderly," or "Wage Garnishment Laws," or "Loans and Interest Rates and Needed Legislative Action."

There was wide agreement among workshop delegates on the value of a one-day conference to highlight basic community consumer issues, especially more glaring problems that involve the poor, the elderly and more obvious needs such as adequate government protection of the consumer.

As in an earlier session, many delegates stressed the importance of screening out speakers, films, printed matter that amount to nothing more than cleverly disguised propaganda. For instance, films that are disguised as dealing with diet, food buying and marketing but are actually advertising films sponsored by a national food manufacturer. A number of warnings were also made against the distribution of so-called "budget guides" advocating the "consolidation of debts" that are in reality propaganda prepared by small loan companies.

On the question of whether or not consumer institutes should be co-sponsored with other community groups as well as be open to people other than union members, most delegates felt every effort should be made to involve as many organizations and people as possible.

There was also general agreement that wide publicity should be given to the one-day meeting. This would include communication to all local unions, as well as to interested community groups and leaders, and releases to both the public and labor press. Similarly, every effort should be made to get local press coverage of the actual conference. News media will be more inclined to give space

and air time if advance copies of talks and discussion guides are available.

Again, many workshop members pointed out that there is no substitute for careful planning. The Community Services Committee of the central labor body—usually the sponsor of the institute—needs to take sufficient time to double-check such items as: Speakers, physical arrangements, the question of conference fees, the use of discussion guides and discussion leaders, recruitment, conference follow-up, and so forth.

CONSUMER CLINICS, DEBT COUNSELLING AND MONEY MANAGEMENT

A Workshop discussion guide defined the consumer clinic in these terms:

"Basically the consumer clinic is a place—a physical place such as a union hall or office—where members can receive personal advice on their financial problems in face-to-face consultation with competent community experts. Patterned after the neighborhood rent clinics that were so helpful to tenants during World War II, the consumer clinic is usually open one or two evenings a week and is staffed by volunteer legal and other experts such as financial specialists.

"One variation of the consumer clinic—debt counselling service—is where the community creates a new service through which bankers, accountants, lawyers, and other financial specialists volunteer their services to assist debt-ridden people to sounder money management. In most cases the debt counselling service is a voluntary agency with a representative community-wide board."

There was general consensus among workshop members that the consumer clinic and debt counselling services are the most complicated to organize, finance and administer and, therefore, the most difficult to get started.

As one delegate pointed out it is the union member with the "B-complex—bargains, borrowing, buying and bankruptcy" who needs specific, on-the-spot, realistic help. As a rule he is beyond the value of a consumer information course and with his immediate problems would undoubtedly be a poor participant at a consumer institute. His problems are much more urgent; his need is for immediate, highly individualized advice and guidance.

This, then, was the dilemma: There is a need for debt counselling services to give assistance on such matters as garnishments, bankruptcy, consolidation of debts, the re-negotiation of loans and notes, and repossession. Yet, despite the need, such services are

not only generally unavailable, but are expensive to launch and support.

Despite existing difficulties, a good many workshop members felt that "where there is a will, there is a way." For example, several cited cases where their communities first initiated debt counselling services on a one-or-two-night basis using volunteers from local banks. Later, because of the initial success and wide use of the service, a number of community organizations, both non-profit and commercial, raised sufficient funds to finance the agency on a full-time basis.

It was also pointed out that many established family service agencies could, with minimum staff expansion, provide qualified debt counselling services.

Still other workshop members thought there was merit in having the central body Community Services Committee either on its own or through the local Community Welfare Council convene a series of planning meetings with local court officials, bank officers, United Fund staff, the Bar Association, Retail Merchants, and other groups interested in the subject to discuss ways and means of organizing debt counselling services.

There was unanimous agreement that any debt counselling service should meet high ethical standards, especially the following criteria:

1. *The need for a year-around education program. The good debt counselling service will stress prevention, not simply cure. In addition to a broad community-wide educational program there should be objective and ethical courses on money management and budgeting for high school students.*
2. *Hopefully a debt counselling service will have staff personnel who are sensitive and aware of family problems and the frequent connection between marital problems and financial difficulties. If the debt counselling service does not have trained family counsellors it should not hesitate to make proper referrals to appropriate community family agencies.*
3. *The board of a debt counselling service, like those of other community agencies, should be representative of the total community.*
4. *Under no circumstances should the aim of debt counselling be to rehabilitate a family's credit rating only to negotiate a new loan or to make a sale on credit terms.*

ORVILLE L. FREEMAN
SECRETARY OF AGRICULTURE

When President Johnson speaks with the American people about the Great Society, he means a society responsive to the needs of people as consumers—as consumers of food, housing, education, health services, recreation, beauty, culture and transportation.

Are we then really in it—this era of the Great Society? Not entirely. But the paths to it are being widened and smoothed for easier and faster movement. And the AFL-CIO's concern with consumer issues is a part of that process.

Today, food expenditures are taking only 18.5 percent of average family income. In 1950, food took a bite of nearly 25 percent. Back in 1890, the families of our grandparents were spending 40 percent of their incomes for food. As recently as 1960, the figure was 20 percent compared with the current 18.5.

We're paying 72 percent more for medical care than we did in 1950, 52 percent more for professional services, 37 percent more for housing, and 38 percent more for transportation—but we're paying the farmer 15 percent less for what he sells than we did in 1950.

The Department of Agriculture provides more direct services for more consumers than any other department or agency of federal government. Two of every three dollars it spends go for services of primary benefit to the general public.

The best guarantee against inflation is abundance. And the way to guarantee continued abundance of food is to support measures that will enable the producer of it to share in the benefits of the Great Society.

For the consumer and the producers of food, cooperation makes more sense than competition.

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